

RALPH L. MCAFEE
 ALLEN F. MAULSBY
 STEWARD R. BROSS, JR.
 HENRY P. RIORDAN
 JOHN R. HUPPER
 SAMUEL C. BUTLER
 WILLIAM J. SCHRENK, JR.
 BENJAMIN F. CRANE
 JOHN F. HUNT
 GEORGE J. GILLESPIE, III
 RICHARD S. SIMMONS
 WAYNE E. CHAPMAN
 THOMAS D. BARR
 MELVIN L. BEDRICK
 GEORGE T. LOWY
 ROBERT ROSENMAN
 JAMES H. DUFFY
 ALAN J. HRUSKA
 JOHN E. YOUNG
 JAMES M. EDWARDS
 DAVID G. ORMSBY
 DAVID L. SCHWARTZ
 RICHARD J. HIEGEL
 CHRISTINE BESHAR
 ROBERT S. RIFKIND
 DAVID BOIES
 DAVID O. BROWNWOOD
 PAUL M. DODYK

RICHARD M. ALLEN
 THOMAS R. BROME
 ROBERT D. JOFFE
 ROBERT F. MULLEN
 RONALD S. ROLFE
 JOSEPH R. SAHID
 PAUL C. SAUNDERS
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 ALAN C. STEPHENSON
 RICHARD L. HOFFMAN
 JOSEPH J. HOFFMAN
 MAX R. JONES
 WILLIAM P. DICKEY
 STUART W. GOLD
 JOHN W. WHITE
 JOHN E. BEERBOWER
 EVAN R. CHESLER
 PATRICIA GEOGHEGAN
 D. COLLIER KIRKHAM
 MICHAEL L. SCHLER
 DANIEL P. CUNNINGHAM
 KRIS F. HEINZELMAN
 B. ROBBINS KIESSLING
 ROGER D. TURNER
 PHILIP A. GONZALEZ
 RORY O. MILLSON

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

MAY 23 1985 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

No. 5-143A040
 MAY 23 1985

Fee \$ 20.00

ICC Washington, D. C.

MAY 23 1985 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

Grand Trunk Western Railroad Company
Lease Financing Dated as of April 15, 1985,
12-3/4% Conditional Sale Indebtedness
Due July 2, 1995

14655

MAY 23 1985 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

REGISTRATION NO.

MAY 23 1985 - 3 15 PM

INTERSTATE COMMERCE COMMISSION

COUNSEL
 MAURICE T. MOORE

TELEPHONE
 212 422-3000

TELEX
 RCA 233663
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 WUI 620976

BLE ADDRESSES
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 CRAVATH, LONDON E. C. 2

ONEY LANE, CHEAPSIDE
 LONDON EC2V 8BT, ENGLAND
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 PIFAX/INFOTEC:
 1-606-1425

May 23, 1985

Dear Mr. Bayne:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Grand Trunk Western Railroad Company, for filing and recordation counterparts of the following documents:

1. (a) Conditional Sale Agreement dated as of April 15, 1985, between The Connecticut Bank and Trust Company, National Association, as Trustee, and Portec, Inc., as Builder; and

(b) Agreement and Assignment dated as of April 15, 1985, between Portec, Inc., as Builder, and La Salle National Bank, as Agent.

2. (a) Lease of Railroad Equipment dated as of April 15, 1985, between Grand Trunk Western Railroad Company, as Lessee, and The Connecticut Bank and Trust Company, National Association, as Trustee; and

New numbers
- A
- B
- C next page
Charles R. Austin

14655/C
RECORDATION NO. _____ Filed 1425

MAY 23 1985 -3 15 PM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 1698-116B]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of April 15, 1985

Between

THE CONNECTICUT BANK AND TRUST COMPANY,
NATIONAL ASSOCIATION,
not in its individual
capacity but solely as
Trustee under the Trust Agreement
dated as of the date hereof with
THE BANK OF NEW YORK

and

LA SALLE NATIONAL BANK, as Agent.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of April 15, 1985, between THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, acting not in its individual capacity but solely as trustee ("Trustee") under the Trust Agreement dated as of the date hereof ("Trust Agreement") with THE BANK OF NEW YORK, a New York corporation ("Owner"), and LA SALLE NATIONAL BANK, a national banking association, as agent ("Agent") under a Participation Agreement dated as of the date hereof ("Participation Agreement").

The Trustee is entering into a Conditional Sale Agreement dated as of the date hereof ("CSA") with PORTEC, INC. ("Builder") providing for the sale to the Trustee of such units of railroad equipment ("Units") described in Annex B to the CSA as are delivered to and accepted by the Trustee thereunder.

GRAND TRUNK WESTERN RAILROAD COMPANY ("Lessee") and the Trustee have entered into a Lease of Railroad Equipment dated as of the date hereof ("Lease") providing for the leasing by the Trustee to the Lessee of the Units.

The Trustee will assign certain of its rights under the Lease to the Agent in order to secure the obligations of the Trustee under the CSA and as an inducement to the Investors (as defined in the Participation Agreement) to invest in the CSA Indebtedness (as defined in Section 4.3(b) of the CSA).

In consideration of the agreements hereinafter set forth, the parties hereto hereby agree as follows:

1. The Trustee hereby transfers and assigns to the Agent, as collateral security for the payment and performance of the obligations of the Trustee under the CSA, all the Trustee's right, title and interest, powers, privileges and other benefits under the Lease (except any amounts of indemnity payable pursuant to Sections 6 and 12 of the Lease, any proceeds of public liability insurance maintained pursuant to Section 7.6 of the Lease, in each case payable to the Trustee in its fiduciary or individual capacities or payable to the Owner, any amounts payable to the Trustee or the Owner pursuant to the second paragraph of Section 7.6 or Section 20 of the Lease and any indemnity payments made

pursuant to the Indemnity Agreement dated as of the date hereof between the Lessee and the Owner, collectively, "Excepted Payments"), including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Trustee from the Lessee under or pursuant to the provisions of the Lease, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys (other than Excepted Payments) called "Payments"), and the right, upon the happening of an Event of Default, to make all waivers and agreements, to give all notices, consents and releases, to take all action specified in the Lease and to do any and all other things whatsoever which the Trustee is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Trustee hereby irrevocably authorizes and empowers the Agent in its own name or in the name of its nominee or in the name of the Trustee or as its attorney to demand, sue for, collect and receive any and all Payments to which the Trustee is or may become entitled under the Lease and to enforce compliance by the Lessee with all the terms and provisions thereof, and the Agent shall have the exclusive right to control any such proceedings to enforce compliance by the Lessee with all the terms and provisions of the Lease. None of the following provisions of this Assignment shall be construed to apply to Excepted Payments.

The Agent agrees to accept any Payments made by the Lessee for the account of the Trustee pursuant to the Lease. To the extent received, the Agent will apply such Payments to satisfy the obligations of the Trustee under the CSA then due and payable and, so long as no event of default under the CSA or event which with notice or lapse of time or both would constitute an event of default thereunder shall have occurred and be continuing, any balance shall be paid to the Owner on the same date such Payment is applied to satisfy such obligations of the Trustee by bank wire of immediately available Federal funds to the Owner on such date at such address as may be specified to the Agent in writing, and such balance shall be retained by the Owner. If the Agent shall not receive any rental payment under § 3.1 of the Lease when due, the Agent shall notify the Trustee, the Owner and the Lessee at their respective addresses set forth in the Lease; provided, however, that the failure of the Agent to so notify the Trustee shall not affect the obligations of the Trustee hereunder or under the CSA.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this

Assignment shall not subject the Agent to or transfer or in any way affect or modify the liability of the Trustee under the Lease. Notwithstanding this Assignment or any subsequent assignment, all obligations of the Trustee to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns against and only against persons other than the Agent.

3. The Trustee will faithfully perform each and every obligation, covenant and agreement which the Lease provides is to be performed by the Trustee and, without the written consent of the Agent, will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee (including without limitation the obligation to pay the rents in the manner and at the time and place specified therein), or enter into any agreement amending, modifying or terminating the Lease, all except as permitted by § 12.2 of the CSA. Any such amendment, waiver, modification or termination of the Lease without the Agent's consent shall be void.

4. The Trustee hereby constitutes the Agent the Trustee's true and lawful attorney, irrevocably, with full power (in the name of the Trustee or otherwise) to demand and receive all Payments due and to become due under or arising out of the Lease to which the Trustee is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Agent may deem to be necessary or advisable.

5. Upon the full discharge and satisfaction of all sums due from the Trustee under the CSA, this Assignment and all rights herein assigned to the Agent shall terminate, and all right, title and interest of the Agent in and to the Lease shall revert to the Trustee. Promptly following such full discharge and satisfaction, the Agent will advise the Lessee in writing that all sums due from the Trustee under the CSA have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Agent.

6. The Trustee will pay and discharge any and all claims, liens, charges or security interests described in

the proviso to Section 13.3 of the CSA to the extent required by said proviso.

7. Upon the request of the Agent, the Trustee will from time to time execute, acknowledge and deliver any and all further instruments required by law or requested by the Agent in order to confirm or further assure the interest of the Agent hereunder.

8. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including without limitation the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder.

9. This Assignment shall be governed by and construed in accordance with the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303, such additional rights arising out of the filing, recording, or depositing hereof, if any, as shall be conferred by the laws of the several jurisdictions in which this Assignment shall be filed, recorded or deposited or in which any Unit shall be located, and any rights arising out of the marking of the Units.

10. The Trustee shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or mailed to the Agent at its address set forth in the CSA or at such other address as the Agent shall designate.

11. So long as no event of default under the CSA has occurred and is continuing, the Agent will not exercise or seek to exercise any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Trustee to the Agent by this Assignment, except the right to demand, sue for, collect, receive and apply the Payments as provided in Section 1 hereof, and the Trustee may (if the Agent is not already doing so) exercise or seek to exercise its rights, powers, privileges and remedies arising out of § 13.1(a) of the Lease; provided, however, that the Trustee shall not terminate the Lease or otherwise exercise or seek to exercise any rights, powers, privileges and remedies arising out of § 13.1(b) of the Lease without the prior written consent of the Agent.

12. Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or wilful misconduct of the Trustee); either expressed or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under the Agent making claim hereunder may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution

hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by duly authorized officers as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee as aforesaid,

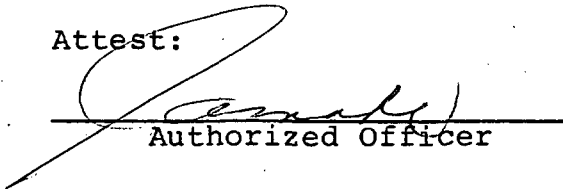
by



Authorized Officer

[Seal]

Attest:



Authorized Officer

LA SALLE NATIONAL BANK, as
Agent,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this 22nd day of May 1985, before me personally appeared **E. W. KAWAM**, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

[Notarial Seal]

My Commission expires

Ruth A. Emerson
Notary Public
RUTH A. EMERSON
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1989

STATE OF ILLINOIS,)
) ss.:
CITY OF COOK,)

On this day of 1985, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of LA SALLE NATIONAL BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

[Notarial Seal]

My Commission expires

Notary Public

CONSENT AND AGREEMENT

Grand Trunk Western Railroad Company, a Michigan and Indiana corporation ("Lessee"), the lessee named in the Lease of Railroad Equipment ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby acknowledges receipt of a copy of the Lease Assignment and consents to the lease assignment in accordance with the terms of the Lease Assignment and agrees that:

(1) Pursuant to § 3.3 of the Lease, it will pay all Payments (as defined in the Lease Assignment) payable under the Lease by bank wire transfer of Federal funds directly to LA SALLE NATIONAL BANK, as agent ("Agent"), the assignee named in the Lease Assignment, at 135 South LaSalle Street, Chicago, Illinois 60690, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Agent), for credit to its Corporate Trust Department's Account No. 61-5998-40-8 with advice that the payment is "Re: GTW 4/15/85".

(2) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Trustee under the Lease or under the CSA or against the Builder (as defined in the Lease Assignment) or the Agent or otherwise (provided that the foregoing shall not be deemed a waiver by the Lessee of its rights to pursue any past, present or future claims directly against the Builder or the Lessee's right to require the Trustee to perform the Trustee's obligations under the Documents (as defined in the Participation Agreement dated as of the date hereof));

(3) the Agent shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Lessee under the Lease as though the Agent were named therein as the Trustee to the extent provided in the Lease Assignment; and the Agent shall not by virtue of the Lease Assignment be or become subject to any liability or obligation under the Lease or otherwise; and

(4) without the prior written consent of the Agent, the Lease shall not be terminated or modified nor shall any action be taken or omitted by the Lessee which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract for the benefit of the Agent and its successors and assigns under the laws of the State of Michigan, and for all purposes, shall be construed in accordance with the laws of said state.

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Secretary

The foregoing Consent and Agreement is hereby
accepted as of April 15, 1985.

LA SALLE NATIONAL BANK, as
Agent,

by

Vice President

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF HARTFORD,)

On this day of 1985, before me
personally appeared , to me personally
known, who, being by me duly sworn, says that he is an
Authorized Officer of THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION, a national banking
association, that one of the seals affixed to the foregoing
instrument is the seal of said national banking association,
that said instrument was signed and sealed on behalf of said
national banking association by authority of its Board of
Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
national banking association.


Notary Public

[Notarial Seal]

My Commission expires

STATE OF ILLINOIS,)
) ss.:
CITY OF COOK,)

On this 22nd day of May 1985, before me
personally appeared Norman T. Rosson, to me
personally known, who, being by me duly sworn, says that he
is a Vice President of LA SALLE NATIONAL BANK, that one of
the seals affixed to the foregoing instrument is the
corporate seal of said national banking association, that
said instrument was signed and sealed on behalf of said
national banking association by authority of its Board of
Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
national banking association.



Notary Public

[Notarial Seal]

My Commission expires

My Commission Expires April 26, 1987

CONSENT AND AGREEMENT

Grand Trunk Western Railroad Company, a Michigan and Indiana corporation ("Lessee"), the lessee named in the Lease of Railroad Equipment ("Lease") referred to in the foregoing Assignment of Lease and Agreement ("Lease Assignment"), hereby acknowledges receipt of a copy of the Lease Assignment and consents to the lease assignment in accordance with the terms of the Lease Assignment and agrees that:

(1) Pursuant to § 3.3 of the Lease, it will pay all Payments (as defined in the Lease Assignment) payable under the Lease by bank wire transfer of Federal funds directly to LA SALLE NATIONAL BANK, as agent ("Agent"), the assignee named in the Lease Assignment, at 135 South LaSalle Street, Chicago, Illinois 60690, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the Lessee by the Agent), for credit to its Corporate Trust Department's Account No. 61-5998-40-8 with advice that the payment is "Re: GTW 4/15/85".

(2) it shall not be entitled to any abatement of rent or additional rent, reduction thereof or setoff against or recoupment of rent or additional rent, including, but not limited to, abatements, reductions, setoffs or recoupments due or alleged to be due by reason of any past, present or future claims or counterclaims of the Lessee against the Trustee under the Lease or under the CSA or against the Builder (as defined in the Lease Assignment) or the Agent or otherwise (provided that the foregoing shall not be deemed a waiver by the Lessee of its rights to pursue any past, present or future claims directly against the Builder or the Lessee's right to require the Trustee to perform the Trustee's obligations under the Documents (as defined in the Participation Agreement dated as of the date hereof));

(3) the Agent shall be entitled to the benefits of and to receive and enforce performance of all the covenants to be performed by the Lessee under the Lease as though the Agent were named therein as the Trustee to the extent provided in the Lease Assignment; and the Agent shall not by virtue of the Lease Assignment be or become subject to any liability or obligation under the Lease or otherwise; and

(4) without the prior written consent of the Agent, the Lease shall not be terminated or modified nor shall any action be taken or omitted by the Lessee which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract for the benefit of the Agent and its successors and assigns under the laws of the State of Michigan, and for all purposes, shall be construed in accordance with the laws of said state.

GRAND TRUNK WESTERN RAILROAD
COMPANY,

by

Vice President

[Corporate Seal]


Attest:

Secretary

The foregoing Consent and Agreement is hereby
accepted as of April 15, 1985.

LA SALLE NATIONAL BANK, as
Agent,

by



Vice President

This Consent and Agreement, when accepted by the Agent by signing the acceptance at the foot hereof, shall be deemed to be a contract for the benefit of the Agent and its successors and assigns under the laws of the State of Michigan, and for all purposes, shall be construed in accordance with the laws of said state.

by

P. S. Janta
Sr. Vice President

Attest:

E. S. Jontane
Secretary

LA SALLE NATIONAL BANK, as
Agent,

by

Vice President

12. Each and all of the representations, warranties, covenants and agreements herein made on the part of the financial institution acting as Trustee hereunder are made and intended not as personal representations, warranties, covenants and agreements by said institution or for the purpose or with the intention of binding said institution personally but are made and intended for the purpose of binding only the Trust Estate (as such term is used in the Trust Agreement) and this Agreement is executed and delivered by said institution solely in the exercise of the powers expressly conferred upon said institution as trustee under the Trust Agreement; and no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said institution on account of any representation, warranty, covenant or agreement herein of the Trustee (except in the case of gross negligence or wilful misconduct of the Trustee), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Agent and by all persons claiming by, through or under the Agent; provided, however, that the Agent or any person claiming by, through or under the Agent making claim hereunder may look to said Trust Estate for satisfaction of the same.

13. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual dates of execution

hereof by the parties hereto are the dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by duly authorized officers as of the date first above written.

THE CONNECTICUT BANK AND TRUST
COMPANY, NATIONAL ASSOCIATION,
as Trustee as aforesaid,

by

[Seal]

Authorized Officer

Attest:

Authorized Officer

LA SALLE NATIONAL BANK, as
Agent,

by



Vice President

[Corporate Seal]

Attest:



Assistant Secretary